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AZ CORP COMMISSION  
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Transcript Exhibit(s)

Docket #(s): W-01815A-13-0213

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Exhibit #: AI-A3, SI-S6

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Arizona Corporation Commission

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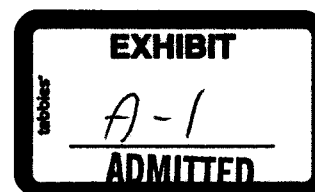
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**Golden Shores Water Company Inc.**

**Emergency Rate Increase Filing**

**Dated June 27, 2013**



### **Golden Shores Water Company Inc.**

Attached are the documents required for an emergency rate increase for the Golden Shores Water Company Inc. (Golden Shores). Golden Shores is running a roughly \$445,000 deficit on adjusted 2012 revenues. Golden Shores is requesting a rate increase of approximately 94%. This increase will allow the company the ability to continue to provide service to their roughly 1,510 customers.

Golden Shores last rate increase was in 1999. Over the last decade costs for salaries, fuel, purchased power, etc. have all risen. Golden Shores is also in need of a number of repairs that have been put off due to a lack of funds.

Golden Shores will also be contacting WIFA and the ACC for approval of a financing request. The funds from this financing request will be used for system improvements above and beyond the repairs included in this Emergency Rate Increase Request.

**List Of Attached Documents**

- 1 – Narrative Cover Sheet – explaining need for emergency rate increase
- 2 – Requested Amount Of Increase
- 3 – Emergency Rate Charge To Be Applied To Customers
- 4 – Method of Collecting Amount Of Rate Increase
- 5 – Detailed Breakdown Of System Needs

# **Narrative Cover Sheet**

## **Golden Shores Water Company Inc.**

### **Narrative Cover Sheet**

In May of 2011, Linda Boyer Wayland, the 73 year old owner of Golden Shores Water Company (Golden Shores), who had semi-retired several years prior, began to suspect suspicious activity of the part of her acting operations manager and bookkeeper. Mrs. Wayland began an internal investigation. Looking over the books she saw many discrepancies. There were charges that she was not aware of and had not approved. She found her company to be in financial trouble. To cover the shortfall in revenue she went to apply for a loan or a line of credit. When Mrs. Wayland went to Chase Bank in Mohave Valley, she was denied a loan. The bank officer advised her that her company was not profitable and thus a poor credit risk. At this point, Mrs. Wayland took matters into her own hands. She terminated the operations manager who was running the day to day operations of the company and the bookkeeper. She then brought in a new team to assist her in running the company. Mark Sparks was to handle the field operations and Eileen Sparks would assist with the bookkeeping duties. To partially compensate Mark and Eileen for their services Mrs. Wayland has transferred a portion of her company stock to Mark and Eileen. Mark now draws a monthly salary, Eileen is not being compensated at this time.

The week following the termination of the operations manager, Mrs. Wayland discovered the operations manager had purchased a well from the city of needles and started his own water company. This had been done in 2008 without Mrs. Wayland's knowledge or consent. It was also discovered that he had been using Golden Shores Water Company employees and equipment for his own personal well and financial gain. All this was done without her knowledge. In addition the Needles well was purchased by the Operations Manager. This well had been maintained by Golden Shores and the loss of this maintenance agreement cost Golden Shores a revenue stream of between, \$2,000 to \$12,000 a month. Losing this monthly income was another huge blow to this company.

In June of 2011, the company was hit with a lawsuit brought on by the company's Ex-Operating Manager. The company spent considerable time and money defending itself from his claims. The company had to settle the suit due to a lack of funds to defend itself. Since June of 2011, they have cut costs to the best of their ability. They have cut salaries, insurance, office expense, electricity costs, etc. They purchased a used Ford truck with a service bed so that they could improve their repair times and efficiency. They purchased a used Mini Excavator in October of 2012 (loan from Mark Sparks) in order to make their repairs more timely and efficient. This was necessary because of the access problems they are facing with their easements, such as: overgrown foliage, exposed cables, etc.

The company has not had a rate increase since August of 1999. Since that time the cost of doing business has been steadily rising. Salaries, materials and supplies, pipe, repair clamps pump repairs, chemicals, salaries and fuel have all risen over the past decade.

The economy is also having a detrimental effect on the company. The company had 1563 active accounts in January of 2012. As of December 2012 there are only 1519. They are

losing active accounts on a weekly basis due to the economic problems this community is facing and the high foreclosure rate.

For example their late fee is \$1.00. This is not a sufficient penalty to dissuade customers from paying late. More than half of the customers choose to pay late because other bills they have incur stiffer penalties. Thus Golden Shores is often the last to be paid.

They have a major problem with the easements in this community. They are overgrown with foliage and littered with trash. They have to cut and trim trees weekly to be able to access these easements to read meters and make repairs. They currently have to dispose of the trash with numerous trips to the land fill, they need to purchase a wood chipper or something comparable to cut down on trash waste and cost. They need to upgrade their equipment and machinery necessary to maintain day to day operations. They need to have inventory on hand for main breaks and emergency situations. At this point, they have supplies for only the most minor repairs. All costs of running this business such as: meters, fuel, pipe, and necessary supplies have increased tremendously and their current monthly revenue cannot keep up with the rising costs. They have to make major upgrades to the system, as it stands now if they have a main break, they have to turn water off to a complete unit of homes, leaving several hundred people without water for an extended period of time. Their existing valves do not operate properly to allow a minimal shutdown area for any repairs or maintenance issues. They are not equipped to handle any emergency that may arise. They do not have the funds or equipment. This leaves this community and it's water system in a very vulnerable state. It is extremely dangerous to be without water in a desert community where the temperatures reach above 100 degrees on a daily basis during the summer months.

At the present time, one of their wells has become inoperable, they do not have the ability to fund the repairs through internally generated funds or the ability to borrow for the repairs. Their well #2 had to be pulled offline early last year. This well has major sand and sediment issues. The well has been videoed and is not repairable. This well will need to be replaced. To get this replaced it will entail drilling and equipping a new well. They have approximately 65 shut off valves that are currently non-operational, they all need to be replaced. They have approximately 35 flush valves that are non-operational, they need to be looped back into the system or replaced. More than 75% of the meters have been in the ground over 20 years and are more than likely not providing accurate reads. They would like to move to a radio read metering system for more efficient and cost effective reads. Their field techs currently ride quads to get the readings and every month they are faced with obstacles, such as trash and overgrown foliage in the easements. Snakes, spiders, bees, and scorpions have been found inside the meter boxes. These obstacles lead to reading errors and billing errors. An emergency rate increase is absolutely necessary to keep this water company in business.

## **Requested Amount Of Increase**



**Requested Amount of Increase**

Golden Shores is requesting an increase in rates that would add \$444,994 to the test year (2012) revenue.

# Golden Shores Water Company

## Revenue Requirement

December 31, 2012

<u>Expenses</u>	<u>12 months</u> <u>Ending 12-31-2012</u>	<u>Adjustments</u>	<u>Adjusted</u> <u>12 months</u> <u>Ending 12-31-2012</u>
Salaries & Wages	\$ 84,993.00	\$ 10,713.00	\$ 95,706.00
Purchased Water	\$ -		\$ -
Purchased Power	\$ 49,812.00	\$ 7,820.48	\$ 57,632.48
Chemicals	\$ -		\$ -
Repairs & Maintenance	\$ 84,304.00	\$ 147,654.00	\$ 231,958.00
Office Supplies & Expense	\$ 29,448.00		\$ 29,448.00
Outside Services	\$ 77,555.00	\$ 136,500.00	\$ 214,055.00
Water Testing	\$ 8,141.00	\$ 400.00	\$ 8,541.00
Rents	\$ 7,200.00	\$ (2,400.00)	\$ 4,800.00
Transportation Expense	\$ 17,388.00		\$ 17,388.00
Insurance - General Liability	\$ 10,664.00		\$ 10,664.00
Insurance - Health & Life	\$ 29,721.00		\$ 29,721.00
Regulatory Commission Expense	\$ -		\$ -
Miscellaneous Expense	\$ 24,821.00		\$ 24,821.00
Depreciation Expense	\$ 92,570.00		\$ 92,570.00
Taxes Other Than Income	\$ 7,012.00	\$ 29,455.38	\$ 36,467.38
Property Taxes	\$ 24,541.00		\$ 24,541.00
<hr/>			
Total Operating Expense	\$ 548,170.00	\$ 330,142.86	\$ 878,312.86
Income Taxes	\$ 6,964.00		\$ 6,964.00
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Total Operating Expense	\$ 555,134.00	\$ 330,142.86	\$ 885,276.86
Capital Expenditures			\$ -
Allowed Return	\$ 28,390.76		\$ 28,390.76
<hr/>			
Revenue Requirement	\$ 583,524.76	\$ 330,142.86	\$ 913,667.63
Test Year Revenue	\$ 468,673.00		\$ 468,673.00
Deficiency	\$ 114,851.76	\$ 330,142.86	\$ 444,994.63

# Golden Shores Water Company

## Explanation of Adjustments

Salaries & Wages	Please see attached payroll schedule.
Purchased Power	Electric company has had a rate increase of just under 16%.
Repairs & Maintenance	Additions \$65.00/ per month for portable toilet for employees at shop. Additional Repairs and Maintenance needed \$136,900 Additional Materials and Supplies needed \$9,973 See attached schedule for detail.
Outside Services	Addition of \$120,000 for rate case filing and financial filing in the next year plus \$16,500 for accounting fees
Water Testing	Additional water testing for Lead and Copper.
Rents	Reduction in rents due to back payments included in 2012 total
Taxes Other Than Income	Inclusion of prior years annual Franchise Fees not paid in 2012 of \$20,555 plus estimated additional taxes on additional revenue received from rate case \$8,900

Company: Golden Shores Water Co Inc Report: P. 1/1/13 to 5/1/13

Check Date	Name	Average Hours	Salary	Hourly	Rate	Overtime rate	Average Hours	Rate	Total
				<b>Pay Frequency: Biweekly</b>					
	Karen, Brereton E	15.00	\$ 250.00		\$ 250.00				\$ 250.00
	Loyd, Roy W	80.00	\$ -	\$ 14.50	\$ 1,160.00	\$ 21.75	8	\$ 174.00	\$ 1,334.00
	Redd, Angela G	60.00		\$ 11.25	\$ 675.00				\$ 675.00
	Redd, Katherine S	32.00		\$ 8.50	\$ 272.00				\$ 272.00
	Stone, Cameron M	80.00		\$ 12.50	\$ 1,000.00	\$ 18.75	8	\$ 150.00	\$ 1,150.00
<b>Pay Frequency Totals: Biweekly</b>									
<b>Company Totals:</b>									
									\$ 3,681.00
									\$ 26.00
									\$ 95,706.00

Please note these figures are based on biweekly payroll  
Also please note that Roy and Cameron average 8 hours each of overtime each 2 weeks, they average 16 hours OT each month

# Golden Shores Water Company

## Repairs and Maintenance

	<u>Cost</u>	<u>Quantity</u>	<u>Total</u>	<u>Total Cost</u>
<b><u>Repairs &amp; Replacements</u></b>				
Ball Valves	\$ 49.52	180.00	\$ 8,913.60	
Meter Boxes	\$ 249.30	180.00	\$ 44,874.00	
Meter Box Lids	\$ 163.80	180.00	\$ 29,484.00	
6" gate valve	\$ 525.00	35.00	\$ 18,375.00	
Meter Replacements	\$ 110.00	180.00	\$ 19,800.00	
Automatic Flush Valves	\$ 204.23	35.00	\$ 7,148.05	
Complete Set Of Hand Tolols	\$ 3,500.00	1.00	\$ 3,500.00	
Fluke 374 Volt Meter	\$ 299.99	1.00	\$ 299.99	
Fluke 62 Mak Thermometer	\$ 115.95	1.00	\$ 115.95	
Plasma Cutter	\$ 2,500.00	1.00	\$ 2,500.00	
Wood Chipper	\$ 1,890.00	1.00	\$ 1,890.00	
Total				\$ 136,900.59

### **Materials & Supplies**

6" Booster Pump & 24 HP Motor	\$ 4,000.00	1.00	\$ 4,000.00	
6"Pressure Reducing Valve	\$ 2,450.00	1.00	\$ 2,450.00	
6" Ductile Iron Tees	\$ 159.60	3.00	\$ 478.80	
6" Ductile Iron Cross	\$ 232.32	1.00	\$ 232.32	
6" to 4" Ductile Iron Reducer	\$ 46.20	3.00	\$ 138.60	
4" Romax Extended Range Coupling	\$ 113.36	4.00	\$ 453.44	
6" PVC C900 Class 200	\$ 6.80	40.00	\$ 272.00	
6" Ductile Iron Pipe	\$ 15.56	36.00	\$ 560.16	
6" Romax Extended Range Coupling	\$ 159.48	4.00	\$ 637.92	
Misc. Glue, Clamps and Supplies			\$ 750.00	
Total				\$ 9,973.24

# Golden Shores Water company

## Rate Base

December 31, 2012

<b>Total Plant in Service</b>	1,948,907.00	
<b>Less: Accumulated Depreciation</b>	<u>1,621,081.00</u>	
<b>Net Plant In Service</b>		327,826.00
<b>Net AIAC</b>		(19,408.00)
<b>CIAC</b>	95,697.00	
<b>Less: Amortization</b>	<u>36,918.00</u>	
<b>Net CIAC</b>		(58,779.00)
<b>Inventory</b>		18,451.00
<b>Deferred Taxes</b>		
<b>Working Capital</b>		<u>24,368.00</u>
<b>Rate Base</b>		<u><u>292,458.00</u></u>

# Golden Shores Water company

## Capital Structure

December 31, 2012

	<u>Amount</u>	<u>Percent</u>	<u>Rate</u>	<u>Weighted Avg. Cost</u>
Debt	15,898.00	4.92%	7.31%	0.36%
Customer Deposits	12,915.00	4.00%	6.00%	0.24%
Owners Equity	<u>294,430.00</u>	<u>91.09%</u>	10.00%	<u>9.11%</u>
	323,243.00	100.00%		9.71%

# Golden Shores Water company

## Capital Structure

### Weighted Cost of Debt

December 31, 2012

	<u>Amount</u>	<u>Percent</u>	<u>Rate</u>	<u>Weighted Avg. Cost</u>
Loan # 1	-	0.00%	7.25%	0.00%
Loan #2	6,399.00	40.25%	8.99%	3.62%
Loan # 31	<u>9,499.00</u>	<u>59.75%</u>	6.17%	<u>3.69%</u>
	15,898.00	100.00%		7.31%

# **Emergency Rate Charge To Be Applied To Customers**



# Golden Shores Water Company

## Revenue Analysis

### Current Rates

C	D	E	F	G (F/E)	H (G/12)	J	K	L ((H/1,000)xK)	M (J+L)	N (Mx12)	P (ExN)
Customer Classification	Meter Size	Number Of Customers	Total Annual Usage	Average Annual Usage Per Customer	Average Monthly Usage Per Customer	Base Charge	Commodity Rate	Commodity Charge	Total Average Monthly Charge	Total Average Annual Charge	Total Anticipated Revenue
Residential	5/8" x 3/4"	1,510.00	125,522,000.00	83,127.15	6,927.26	\$ 16.05	\$ 1.31	\$ 9.07	\$ 25.12	\$ 301.50	\$ 455,259.82
Commercial	3/4"	27.00	2,450,000.00	90,740.74	7,561.73	\$ 25.00	\$ 1.31	\$ 9.91	\$ 34.91	\$ 418.87	\$ 11,309.50
Commercial	3/4"	1.00	173,000.00	173,000.00	14,416.67	\$ 25.00	\$ 1.31	\$ 18.89	\$ 43.89	\$ 526.63	\$ 526.63
Commercial	2"	1.00	344,000.00	344,000.00	28,666.67	\$ 250.00	\$ 1.31	\$ 37.55	\$ 287.55	\$ 3,450.64	\$ 3,450.64
			128,489,000.00								\$ 470,546.59

### Proposed Rates

C	D	E	F	G (F/E)	H (G/12)	J	K	L ((H/1,000)xK)	M (J+L)	N (Mx12)	P (ExN)
Customer Classification	Meter Size	Number Of Customers	Total Annual Usage	Average Annual Usage Per Customer	Average Monthly Usage Per Customer	Base Charge	Commodity Rate	Commodity Charge	Total Average Monthly Charge	Total Average Annual Charge	Total Anticipated Revenue
Residential	5/8" x 3/4"	1,510.00	125,522,000.00	83,127.15	6,927.26	\$ 29.00	\$ 2.86	\$ 19.81	\$ 48.81	\$ 585.74	\$ 884,472.92
Commercial	3/4"	27.00	2,450,000.00	90,740.74	7,561.73	\$ 46.00	\$ 2.86	\$ 21.63	\$ 67.63	\$ 811.52	\$ 21,911.00
Commercial	3/4"	1.00	173,000.00	173,000.00	14,416.67	\$ 46.00	\$ 2.86	\$ 41.23	\$ 87.23	\$ 1,046.78	\$ 1,046.78
Commercial	2"	1.00	344,000.00	344,000.00	28,666.67	\$ 480.00	\$ 2.86	\$ 81.99	\$ 561.99	\$ 6,743.84	\$ 6,743.84
			128,489,000.00								\$ 914,174.54

### Rate Increase

Customer Classification	Meter Size	Increase	Percent
Residential	5/8" x 3/4"	\$ 23.69	94.28%
Commercial	3/4"	\$ 32.72	93.74%
Commercial	3/4"	\$ 43.35	98.77%
Commercial	2"	\$ 274.43	95.44%

# **Method of Collecting Amount Of Rate Increase**

## Method of Collecting Amount Of Rate Increase

The method of collecting the amount of revenue shortfall is to increase the monthly Base Charge and Commodity Charge to customers. Golden Shores currently has only three Customer Categories. These categories are Residential, Commercial 3/4" and Commercial 2". We have broken out the single high water user within the commercial 3/4" category to show their usage. This was done to correct for the significant deviation that would be caused by adding this customer to the category. The average annual and monthly usages would have been skewed much higher causing inaccurate assumptions to be inferred. This high usage issue will be addressed when Golden Shores files for its general rate case.

The new rates to be charged to customers would be as follows:

	Base Charge	Commodity Charge	Percent Increase
Residential 5/8" x 3/4"	\$29.00	\$2.86	94.3%
Commercial 3/4"	\$46.00	\$2.86	96.5%
Commercial 2"	\$480.00	\$2.86	95.4%

Existing rates are as follows:

	Base Charge	Commodity Charge
Residential 5/8" x 3/4"	\$16.05	\$1.31
Commercial 3/4"	\$25.00	\$1.31
Commercial 2"	\$250.00	\$1.31

# Golden Shores Water Company

## Revenue Analysis

### Current Rates

C	D	E	F	G (F/E)	H (G/12)	J	K	L ((H/1,000)xK)	M (J+L)	N (Mx12)	P (ExN)
Customer Classification	Meter Size	Number Of Customers	Total Annual Usage	Average Annual Usage Per Customer	Average Monthly Usage Per Customer	Base Charge	Commodity Rate	Commodity Charge	Total Average Monthly Charge	Total Average Annual Charge	Total Anticipated Revenue
Residential	5/8" x 3/4"	1,510.00	125,522,000.00	83,127.15	6,927.26	\$ 16.05	\$ 1.31	\$ 9.07	\$ 25.12	\$ 301.50	\$ 455,259.82
Commercial	3/4"	27.00	2,450,000.00	90,740.74	7,561.73	\$ 25.00	\$ 1.31	\$ 9.91	\$ 34.91	\$ 418.87	\$ 11,309.50
Commercial	3/4"	1.00	173,000.00	173,000.00	14,416.67	\$ 25.00	\$ 1.31	\$ 18.89	\$ 43.89	\$ 526.63	\$ 526.63
Commercial	2"	1.00	344,000.00	344,000.00	28,666.67	\$ 250.00	\$ 1.31	\$ 37.55	\$ 287.55	\$ 3,450.64	\$ 3,450.64
			128,489,000.00								\$ 470,546.59

### Proposed Rates

C	D	E	F	G (F/E)	H (G/12)	J	K	L ((H/1,000)xK)	M (J+L)	N (Mx12)	P (ExN)
Customer Classification	Meter Size	Number Of Customers	Total Annual Usage	Average Annual Usage Per Customer	Average Monthly Usage Per Customer	Base Charge	Commodity Rate	Commodity Charge	Total Average Monthly Charge	Total Average Annual Charge	Total Anticipated Revenue
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### Rate Increase

Customer Classification	Meter Size	Increase	Percent
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Commercial	3/4"	\$ 32.72	93.74%
Commercial	3/4"	\$ 43.35	98.77%
Commercial	2"	\$ 274.43	95.44%

# **Detailed Breakdown Of System Needs**

# Golden Shores Water Company

## Repairs and Maintenance

	<u>Cost</u>	<u>Quantity</u>	<u>Total</u>	<u>Total Cost</u>
<b><u>Repairs &amp; Replacements</u></b>				
Ball Valves	\$ 49.52	180.00	\$ 8,913.60	
Meter Boxes	\$ 249.30	180.00	\$ 44,874.00	
Meter Box Lids	\$ 163.80	180.00	\$ 29,484.00	
6" gate valve	\$ 525.00	35.00	\$ 18,375.00	
Meter Replacements	\$ 110.00	180.00	\$ 19,800.00	
Automatic Flush Valves	\$ 204.23	35.00	\$ 7,148.05	
Complete Set Of Hand Tolols	\$ 3,500.00	1.00	\$ 3,500.00	
Fluke 374 Volt Meter	\$ 299.99	1.00	\$ 299.99	
Fluke 62 Mak Thermometer	\$ 115.95	1.00	\$ 115.95	
Plasma Cutter	\$ 2,500.00	1.00	\$ 2,500.00	
Wood Chipper	\$ 1,890.00	1.00	\$ 1,890.00	
Total				\$ 136,900.59

### **Materials & Supplies**

6" Booster Pump & 24 HP Motor	\$ 4,000.00	1.00	\$ 4,000.00	
6"Pressure Reducing Valve	\$ 2,450.00	1.00	\$ 2,450.00	
6" Ductile Iron Tees	\$ 159.60	3.00	\$ 478.80	
6" Ductile Iron Cross	\$ 232.32	1.00	\$ 232.32	
6" to 4" Ductile Iron Reducer	\$ 46.20	3.00	\$ 138.60	
4" Romax Extended Range Coupling	\$ 113.36	4.00	\$ 453.44	
6" PVC C900 Class 200	\$ 6.80	40.00	\$ 272.00	
6" Ductile Iron Pipe	\$ 15.56	36.00	\$ 560.16	
6" Romax Extended Range Coupling	\$ 159.48	4.00	\$ 637.92	
Misc. Glue, Clamps and Supplies			\$ 750.00	
Total				\$ 9,973.24

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AUG 19 2013

ARIZONA CORPORATION COMMISSION  
HEARING DIVISION

# **Golden Shores Water Company Inc.**

## **Emergency Rate Increase Filing Rebuttal**

**Dated August 16, 2013**

**Docket No. W-01815A-13-0210**

**Golden Shores Water Company, Inc.**

**PO Box 37**

**Topock, AZ 86436**

**928-769-3110**



**QPC INC.**

**2535 Sundown Circle**

**Bullhead City, AZ 86442**

**602-361-4587**

**Filing Agent**

### **Golden Shores Water Company Inc.**

Attached are the rebuttal documents for emergency rate increase Docket W-01815A-13-0210 for the Golden Shores Water Company Inc. (Golden Shores). Golden Shores is amending its initial application requesting an emergency rate increase of \$445,000 to \$216,000 on adjusted 2012 revenues. Thus reducing Golden Shores initial request by 229,000. Golden Shores is now requesting a rate increase of approximately 45.9%. This increase will allow the company the ability to continue to provide service to their roughly 1,510 customers and prepare and submit the general rate case filing that will be required subsequent to the approval of this emergency rate case.

In staff's report they did not detail the components of their proposed revenue increase therefore we cannot comment on how they came to their number. However the primary difference between the revenue increases between staff and Golden Shores appears to be the revised \$100,000 adjustment in Outside Services. This \$100,000 adjustment is to pay for the required general rate case filing in 2014.

Golden Shores has an average bank balance of \$12,000. There are no extra funds in any other accounts. The bank has told Golden Shores they are a bad credit risk and will not lend to them. Golden Shores understands that they will be required to file for a general rate case in 2014. However without the \$100,000 in Outside Services requested in the emergency rate case, they have no way to pay for the preparation and filing of the general rate case. Without approving the revised Outside Services request, Golden Shores is being set up to fail.

Golden Shores requests that a bond not be required due to the increase being well below what an anticipated general rate increase would be. However, if Golden Shores is required to procure a bond, Golden Shores would request that that cost be added to the revenue increase.

Due to the amount of data required for the general rate case and the long time since the last case, Golden Shores would request that the general rate case be required to be filed by May 30, 2014.

Staff's review has shown that Golden Shores is in Good Standing with the Corporations Division of the Commission and has no outstanding compliance issues pending with the commission. Golden Shores is in compliance with ADEQ. Golden Shores has inadvertently missed filing their 2013 ADWR report. Golden Shores intends that this will be rectified before the hearing on August 27, 2013.



Service List For Golden Shores Water Company Inc.  
Emergency Rate Increase  
Docket No. W-01815A-13-0210

Mr. Mark Sparks & Mrs. Eileen Sparks (Managers)  
Golden Shores Water Company Inc.  
P.O. Box 37  
Topock, Arizona 86436

Mr. Mark R. Clark CCM(Golden Shores Consultant)  
QPC, INC.  
2535 Sundown Circle  
Bullhead City, Arizona 86442

Mr. Steven M. Olea  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Janice M. Alward  
Chief, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Lyn Farmer  
Chief, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

### **List Of Attached Documents**

- 1 – Requested Amount Of Increase
- 2 – Emergency Rate Charge To Be Applied To Customers
- 4 – Detailed Breakdown Of System Needs

## **Requested Amount Of Increase**

# Golden Shores Water Company

## Revenue Requirement

December 31, 2012

<u>Expenses</u>	<u>12 months</u> <u>Ending 12-31-2012</u>	<u>Adjustments</u>	<u>Adjusted</u> <u>12 months</u> <u>Ending 12-31-2012</u>
Salaries & Wages	\$ 84,993.00	\$ 10,713.00	\$ 95,706.00
Purchased Water	\$ -		\$ -
Purchased Power	\$ 49,812.00	\$ 7,820.48	\$ 57,632.48
Chemicals	\$ -		\$ -
Repairs & Maintenance	\$ 84,304.00	\$ 13,619.00	\$ 97,923.00
Office Supplies & Expense	\$ 29,448.00		\$ 29,448.00
Outside Services	\$ 77,555.00	\$ 100,000.00	\$ 177,555.00
Water Testing	\$ 8,141.00	\$ 400.00	\$ 8,541.00
Rents	\$ 7,200.00	\$ (2,400.00)	\$ 4,800.00
Transportation Expense	\$ 17,388.00		\$ 17,388.00
Insurance - General Liability	\$ 10,664.00		\$ 10,664.00
Insurance - Health & Life	\$ 29,721.00		\$ 29,721.00
Regulatory Commission Expense	\$ -		\$ -
Miscellaneous Expense	\$ 24,821.00		\$ 24,821.00
Depreciation Expense	\$ 92,570.00		\$ 92,570.00
Taxes Other Than Income	\$ 7,012.00	\$ -	\$ 7,012.00
Property Taxes	\$ 24,541.00		\$ 24,541.00
<hr/>			
Total Operating Expense	\$ 548,170.00	\$ 130,152.48	\$ 678,322.48
Income Taxes	\$ 6,964.00		\$ 6,964.00
<hr/>			
Total Operating Expense	\$ 555,134.00	\$ 130,152.48	\$ 685,286.48
Capital Expenditures			\$ -
Allowed Return	\$ 28,390.76	-28390.76	\$ 0.00
<hr/>			
Revenue Requirement	\$ 583,524.76	\$ 101,761.72	\$ 685,286.49
Test Year Revenue	\$ 468,673.00		\$ 468,673.00
Deficiency	\$ 114,851.76	\$ 101,761.72	\$ 216,613.49

# **Detailed Breakdown Of System Needs Revised**

# Golden Shores Water Company

## Repairs and Maintenance

	<u>Cost</u>	<u>Quantity</u>	<u>Total</u>	<u>Total Cost</u>
<b><u>Repairs &amp; Replacements</u></b>				
Ball Valves	\$ 49.52	-	\$ -	
Meter Boxes	\$ 249.30	-	\$ -	
Meter Box Lids	\$ 163.80	-	\$ -	
6" gate valve	\$ 525.00	5.00	\$ 2,625.00	
Meter Replacements	\$ 110.00	-	\$ -	
Automatic Flush Valves	\$ 204.23	5.00	\$ 1,021.15	
Complete Set Of Hand Tolols	\$ 3,500.00	-	\$ -	
Fluke 374 Volt Meter	\$ 299.99	-	\$ -	
Fluke 62 Mak Thermometer	\$ 115.95	-	\$ -	
Plasma Cutter	\$ 2,500.00	-	\$ -	
Wood Chipper	\$ 1,890.00	-	\$ -	
Total				\$ 3,646.15
<b><u>Materials &amp; Supplies</u></b>				
6" Booster Pump & 24 HP Motor	\$ 4,000.00	1.00	\$ 4,000.00	
6"Pressure Reducing Valve	\$ 2,450.00	1.00	\$ 2,450.00	
6" Ductile Iron Tees	\$ 159.60	3.00	\$ 478.80	
6" Ductile Iron Cross	\$ 232.32	1.00	\$ 232.32	
6" to 4" Ductile Iron Reducer	\$ 46.20	3.00	\$ 138.60	
4" Romax Extended Range Coupling	\$ 113.36	4.00	\$ 453.44	
6" PVC C900 Class 200	\$ 6.80	40.00	\$ 272.00	
6" Ductile Iron Pipe	\$ 15.56	36.00	\$ 560.16	
6" Romax Extended Range Coupling	\$ 159.48	4.00	\$ 637.92	
Misc. Glue, Clamps and Supplies			\$ 750.00	
Total				\$ 9,973.24
				<u>\$ 13,619.39</u>

# **Emergency Rate Charge To Be Applied To Customers**

### Method of Collecting Amount Of Rate Increase

The method of collecting the amount of revenue shortfall is to increase the monthly Base Charge and Commodity Charge to customers. Golden Shores currently has only four Customer Categories. These categories are Residential, Commercial 5/8" x 3/4", Commercial 1" and Commercial 2". The commercial 5/8" x 3/4" customers have been incorrectly charged at the residential 5/8" x 3/4" rate since the last rate case. This has caused the rate increase to those customers to be greater than the increase to other customers. This adjustment will affect 24 commercial customers.

The *revised* new rates to be charged to customers would be as follows:

	Base Charge	Commodity Charge	Percent Increase
Residential 5/8" x 3/4"	\$23.00	\$1.95	45.3%
Commercial 5/8" x 3/4"	\$27.00	\$1.95	53.5%
Commercial 1"	\$80.00	\$1.95	58.2%
Commercial 2"	\$400.00	\$1.95	58.5%



Golden Shores Water Company  
Revenue Analysis

Current Rates

C	D	E	F	G (F/E)	H (G/12)	J	K	L ((H/1,000)×K)	M (J+L)	N (M×12)	P (ExN)
Customer Classification	Meter Size	Number Of Customers	Total Annual Usage	Average Annual Usage Per Customer	Average Monthly Usage Per Customer	Base Charge	Commodity Rate	Commodity Charge	Total Average Monthly Charge	Total Average Annual Charge	Total Anticipated Revenue
Residential	5/8" x 3/4"	1,510.00	125,522,000.00	83,127.15	6,927.26	\$ 16.05	\$ 1.31	\$ 9.07	\$ 25.12	\$ 301.50	\$ 455,259.82
Commercial	5/8" x 3/4"	24.00	2,450,000.00	102,083.33	8,506.94	\$ 16.05	\$ 1.31	\$ 11.14	\$ 27.19	\$ 326.33	\$ 7,831.90
Commercial	1"	2.00	173,000.00	86,500.00	7,208.33	\$ 50.00	\$ 1.31	\$ 9.44	\$ 59.44	\$ 713.32	\$ 1,426.63
Commercial	2"	1.00	344,000.00	344,000.00	28,666.67	\$ 250.00	\$ 1.31	\$ 37.55	\$ 287.55	\$ 3,450.64	\$ 3,450.64
			128,489,000.00								

Proposed Rates

C	D	E	F	G (F/E)	H (G/12)	J	K	L ((H/1,000)×K)	M (J+L)	N (M×12)	P (ExN)
Customer Classification	Meter Size	Number Of Customers	Total Annual Usage	Average Annual Usage Per Customer	Average Monthly Usage Per Customer	Base Charge	Commodity Rate	Commodity Charge	Total Average Monthly Charge	Total Average Annual Charge	Total Anticipated Revenue
Residential	5/8" x 3/4"	1,510.00	125,522,000.00	83,127.15	6,927.26	\$ 23.00	\$ 1.95	\$ 13.51	\$ 36.51	\$ 438.10	\$ 661,527.90
Commercial	5/8" x 3/4"	27.00	2,450,000.00	90,740.74	7,561.73	\$ 27.00	\$ 1.95	\$ 14.75	\$ 41.75	\$ 500.94	\$ 13,525.50
Commercial	1"	2.00	173,000.00	86,500.00	7,208.33	\$ 80.00	\$ 1.95	\$ 14.06	\$ 94.06	\$ 1,128.68	\$ 2,257.35
Commercial	2"	1.00	344,000.00	344,000.00	28,666.67	\$ 400.00	\$ 1.95	\$ 55.90	\$ 455.90	\$ 5,470.80	\$ 5,470.80
			128,489,000.00								

Rate Increase

Customer Classification	Meter Size	Increase	Percent
Residential	5/8" x 3/4"	\$ 11.38	45.31%
Commercial	5/8" x 3/4"	\$ 14.55	53.51%
Commercial	1"	\$ 34.61	58.23%
Commercial	2"	\$ 168.35	58.54%

Golden Shores Water Co.  
PO Box 37  
Topock, AZ 86436

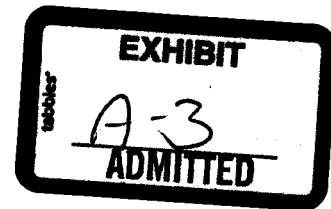
Matt  
Charles

2013 AUG

DOCKET CONTROL

8-15-13

Arizona Corporation Commission  
Docket Control  
1200 W Washington St.  
Phoenix, AZ 85007



To Whom it May Concern:

I, Mark A. Sparks, certify that I mailed, First Class US Mail, 1466 notices of Emergency Rate Increase Proposal , Docket No. W-01815A-13-0210, on July 31, 2013.

Thank you,

A handwritten signature in black ink, appearing to read "Mark A. Sparks", with a long horizontal flourish extending to the right.

Mark A Sparks  
Operations Manager  
Golden Shores Water Co.

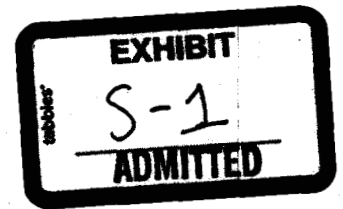
Notary:

Date:



ORIGINAL

MEMORANDUM



TO: Docket Control Center

FROM: Steven M. Olea  
Director  
Utilities Division

DATE: August 6, 2013

RE: STAFF REPORT FOR GOLDEN SHORES WATER COMPANY, INC.'S  
EMERGENCY RATE APPLICATION (DOCKET NO. W-01815A-13-0210)

Attached is the Staff Report for Golden Shores Water Company, Inc.'s ("Company") application for an emergency rate increase. Staff recommends approval of Staff's alternative emergency rate increase.

As per the Procedural Order issued July 17, 2013, any interested party wishing to file comments regarding the attached Staff Report may file those comments with the Arizona Corporation Commission's Docket Control Center no later than August 20, 2013. Hearing has been scheduled for August 27, 2013.

SMO:DWC:lhml\ML

Originator: Darron W. Carlson

Arizona Corporation Commission  
**DOCKETED**  
AUG - 6 2013

DOCKETED BY **NR**

RECEIVED  
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AZ CORP COMMISSION  
DOCKET CONTROL

Service List for: Golden Shores Water Company, Inc.  
Docket No. W-01815A-13-0210

Mr. Mark Sparks & Mrs. Eileen Sparks (Managers)  
Golden Shores Water Company, Inc.  
Post Office Box 37  
Topock, Arizona 86436

Mr. Mark Clark (Golden Shores Consultant)  
QPC, Inc.  
2535 Sundown Circle  
Bullhead City, Arizona 86442

Mr. Steven M. Olea  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Janice M. Alward  
Chief, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Lyn Farmer  
Chief, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

**STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION**

**GOLDEN SHORES WATER COMPANY, INC.**

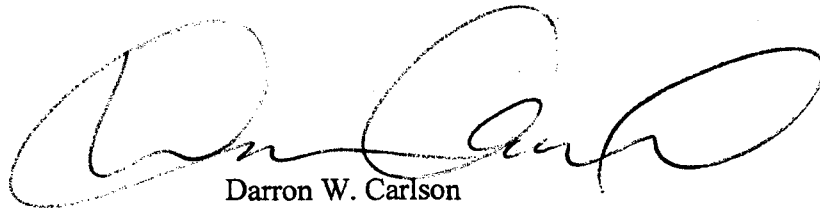
**DOCKET NO. W-01815A-13-0210**

**APPLICATION FOR AN  
EMERGENCY RATE INCREASE**

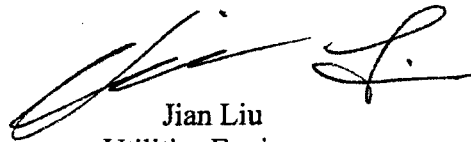
**AUGUST 6, 2013**

## STAFF ACKNOWLEDGMENT

The Staff Report for Golden Shores Water Company, Inc. ("Company"), Docket No. W-01815A-13-0210 was the responsibility of the Staff members listed below. Darron W. Carlson was responsible for the review and analysis of the Company's application, recommended revenue requirements, and rate design. Jian Liu was responsible for the engineering and technical analysis. Trish Meeter was responsible for reviewing the Commission's records on the Company and reviewing customer complaints filed with the Commission.



Darron W. Carlson  
Public Utilities Analyst Manager



Jian Liu  
Utilities Engineer



Trish Meeter  
Public Utilities Consumer Analyst II

## **TABLE OF CONTENTS**

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STAFF REVIEW.....	2
RATE DESIGN .....	3
STAFF RECOMMENDATIONS.....	3

### **Attachment**

Engineering Memorandum.....	A
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## **EXECUTIVE SUMMARY**

Golden Shores Water Company, Inc. ("Company") is located in Topock, Arizona in Mohave County. The Company provides water utility services to approximately 1,510 residential customers and 27 commercial customers.

The Company is requesting an emergency rate increase in the amount of \$444,994, or a 95.0 percent increase over 2012 revenue of \$468,673. Staff recommends an emergency rate increase in the amount of \$100,261, or a 21.4 percent increase over 2012 revenue of \$468,673.

The Company may be approaching insolvency and is operating at a significant loss. It has not had a rate increase since 1999.

### **Staff Recommendations**

Staff recommends approval of Staff's recommended emergency rate increase in the amount of \$100,621.

Staff further recommends that the rates approved in this case will be interim until permanent rates are established in the next rate case filing.

Staff further recommends that the Company be ordered to obtain a bond or an Irrevocable Standby Letter of Credit.

Staff further recommends that the Company be ordered to file a full rate case application no later than April 30, 2014 using a 2013 test year. Failure to file a rate case by April 30, 2014, should result in the immediate suspension of the interim rates approved in this case.

Staff further recommends that the Company file, by January 31, 2014, documentation from ADWR stating that Golden Shores is in compliance with ADWR requirements.



requirements. However, ADWR advises that the Company has not timely filed its Annual Report and System Water Plan and therefore, is not in compliance with ADWR. Please refer to the attached Engineering Memorandum for further information and a description of the water system.

### **Consumer Services**

The Corporations Division of the Commission indicates that Golden Shores is currently in good standing.

A review of the Consumer Services section records for the period of January 1, 2010 through July 18, 2013, reflects no complaints or opinions in 2013, one billing complaint in 2012, one billing complaint in 2011, and two complaints (one billing and one quality of service) in 2010. All complaints have been resolved and closed.

### **Compliance**

Golden Shores has no outstanding compliance issues pending.

### **Staff Review**

The Company's emergency rate filing was produced by a consultant hired by the Company. The consultant incorporated a number of adjustments and projections as if the application was for full permanent rates, as opposed to emergency rates. Many of the proposed adjustments are unsupported and/or highly speculative or otherwise not known and measurable and should not be addressed in this emergency rate filing.

The Company is losing money each year and Staff believes that the Company may be approaching a position of insolvency and cannot wait for the period of time normally required to process a regular rate case, to get necessary rate increases.

In reviewing the unadjusted income statement for 2012, it does indicate that the Company lost \$79,497 (omitting income taxes and return). These numbers are unaudited but for the purposes of an interim rate increase they can be used to establish the Company's needs in an emergency rate case filing. Staff reviewed the Company's proposed adjustments but did not find them appropriate for an emergency rate case since the requested adjustments cannot be verified and audited as would be done in a normal rate case. While Staff would generally consider any necessary adjustments in making recommendations in this case, Staff is not comfortable with the accuracy or the necessity of most, if not all of the adjustments.

Staff believes that the Company does need some emergency rate relief but believes the Company's request is excessive. Staff is recommending a revenue increase of \$100,261, or a 21.4 percent increase over 2012 revenue of \$468,673. If Staff's recommendation is approved, the Company's annual revenue would be \$568,934.

### **Introduction**

On June 27, 2013, Golden Shores Water Company, Inc. ("Golden Shores" or "Company") filed an application for an emergency rate increase with the Arizona Corporation Commission ("Commission"). On July 17, 2013, a Procedural Order was issued setting August 27, 2013 as the date for the hearing on this application.

The Company stated in its application that its current rates were set in 1999. The Company also stated over the last decade that operating costs for salaries, fuel, purchased power, etc. have all risen. Further, the Company states that it is also in need of a number of repairs that have been put off due to a lack of funds.

Golden Shores claims a roughly \$445,000 net loss on a "Company adjusted" 12-month operating period ending December 31, 2012. The Company is requesting an increase in operating revenue of \$444,994, or 95.0 percent over current revenue of \$468,673. If approved, the Company's annual revenue would be \$913,667.

Golden Shores claims that it is insolvent and may not be able to maintain service pending the usual processing of a full permanent rate case.

### **Background**

Golden Shores is a Class C water utility engaged in the business of providing potable water service. The Company's current rates were approved in Decision No. 61832, dated July 20, 1999.

The Company previously filed a full permanent rate application on February 23, 2007, under Docket No. W-01815A-07-0117 seeking a 30 percent rate increase. After the Company met sufficiency requirements in that case, Staff issued a set of data requests to which the Company had responded. The Company, without explanation, withdrew its rate application on October 10, 2007.

### **Customers**

Golden Shores provides water service to approximately 1,510 5/8-inch meter residential customers, 24 5/8-inch meter commercial customers, 2 one-inch meter commercial customers, and 1 two-inch meter commercial customer.

### **Engineering Analysis**

Staff Engineering has determined that the Arizona Department of Environmental Quality has found that the Company is currently delivering water that meets water quality standards. The Company is not located in an Active management Area ("AMA") and is not subject to any Arizona Department of Water Resources ("ADWR") AMA reporting and conservation

Following normal emergency rate case procedures require that the Company provide a bond in an amount sufficient to cover a refund of the interim rates approved in this case. If it is later determined that the emergency rate increase was not necessary or only partially necessary, the bond will facilitate the refunding of the interim rates to ratepayers. Staff recommends that a bond or an Irrevocable Standby Letter of Credit be required, but does not believe the entire amount of the emergency rate increase need be covered.

Further, normal emergency rate case procedures require that the Company be ordered to file a full rate case application within a reasonable period after interim rates are awarded in this case. Staff believes that the Company should be ordered to file a full rate case application no later than April 30, 2014 using a 2013 test year. Staff notes that the filing of a full rate case application at any time before April 30, 2014 using any recent full 12 month period will fulfill this requirement. Failure to file a full rate case application by April 30, 2014, should result in the immediate suspension of the interim rates approved in this case.

#### **Rate Design**

The following is a listing of the Company's current rates, the Company's proposed rates, and Staff's recommended rates:

<u>Description</u>	<u>Current</u>	<u>Company Proposed</u>	<u>Staff Recommended</u>
Residential 5/8" minimum	\$16.05	\$29.00	\$20.00
Commercial 5/8" minimum	16.05	40.00	25.00
Commercial 1" minimum	50.00	94.00	75.00
Commercial 2" minimum	200.00	480.00	400.00
Commodity all usage (per 1,000 gallons)	1.31	2.86	1.50

Note that Staff is unable to design inverted tiered commodity rates and is unable to determine the median and average usage of customers, as bill counts are not required in filing an emergency rate increase request.

#### **Staff Recommendations**

Staff recommends approval of Staff's recommended emergency rate increase in the amount of \$100,621.

Staff further recommends that the rates approved in this case will be interim until permanent rates are established in the next rate case filing.

Staff further recommends that the Company be ordered to obtain a bond or an Irrevocable Standby Letter of Credit .

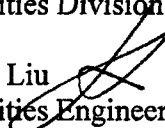
Staff further recommends that the Company be ordered to file a full rate case application no later than April 30, 2014 using a 2013 test year. Failure to file a rate case by April 30, 2014, should result in the immediate suspension of the interim rates approved in this case.

Staff further recommends that the Company file, by January 31, 2014, documentation from ADWR stating that Golden Shores is in compliance with ADWR requirements.

**MEMORANDUM**

**DATE** July 24, 2013

**TO:** Darron Carlson  
Public Utilities Analyst Manager  
Utilities Division

**FROM:** Jian Liu   
Utilities Engineer  
Utilities Division

**RE:** Golden Shores Water Company  
Application for Approval of an Emergency Rate Increase  
(Docket No. W-01815A-13-0210)

---

**Introduction**

Golden Shores Water Company ("Golden Shores" or "the Company") presently provides utility service to approximately 1,500 water customers in Mohave County, Arizona. The Company is an Arizona corporation providing water service in Topock, between Bullhead City and Lake Havasu City in Mohave County.

On June 27, 2013 the Company filed with the Arizona Corporation Commission ("Commission" or "ACC") an application for an emergency rate increase. The Company indicated that Golden Shores is running a roughly \$445,000 deficit on adjusted 2012 revenues. Golden Shores is requesting a rate increase of approximately 95%.

**Engineering Analysis**

The existing water system consists of five wells producing approximately 2,350 gallons per minute ("GPM"), and three storage tanks (total storage tank capacity is 450,000 gallons). The Company reported 131,225,000 gallons pumped, 123,135,000 gallons sold, resulting in a water loss of 6.17 percent for calendar year 2012. The water loss for Golden Shores is within the Staff's recommended threshold of 10 percent.

Staff concludes that the Company has adequate production and storage capacity to serve its existing customers and reasonable growth.

**Arizona Department of Environmental Quality Compliance ("ADEQ")**

**Drinking Water Compliance Status Report**

ADEQ regulates the Company's Water System under ADEQ Public Water System ("PWS") #08-024. ADEQ reported that Golden Shores is currently delivering water that meets water quality standards required by 40 C.F.R. 141 (Title 40 Code of Federal Regulations Part 141 National Primary Drinking Water Regulations) and Arizona Administrative Code, Title 18, Chapter 4. (ADEQ report dated July 24, 2013).

**Arizona Department Of Water Resources ("ADWR") Compliance**

The Company is not located in any Active Management Area ("AMA") and is not subject to any ADWR AMA reporting and conservation requirements. ADWR reported that Golden Shores is currently not in compliance with departmental requirements governing water providers and/or community water systems. The Company's Annual Report and System Water Plan have not been filed on time and therefore, the Company is not in compliance. (ADWR compliance status report dated July 23, 2013).

**ACC Compliance**

A check with the Utilities Division Compliance Section showed no delinquent compliance items for the Company. (Compliance Section email dated July 22, 2013).

**COMMISSIONERS**  
**BOB STUMP – Chairman**  
**GARY PIERCE**  
**BRENDA BURNS**  
**BOB BURNS**  
**SUSAN BITTER SMITH**



**JODI JERICH**  
**Executive Director**

**ARIZONA CORPORATION COMMISSION**

**INFORMATION REGARDING  
THE FILING OF AN  
EMERGENCY RATE CASE**

General conditions necessary for application of interim, emergency rates:

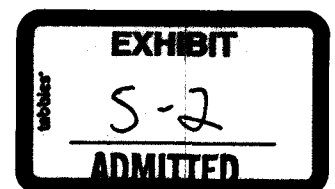
- 1) Situation of sudden change which brings hardship to a Company.
- 2) Situation where Company is insolvent.
- 3) Situation where ability of Company to maintain service (pending a formal rate determination) is in serious doubt.

In support of the above, the inability of the Commission to grant permanent rate relief within a reasonable time would be grounds for granting interim relief. This would require that the Company demonstrate that the period needed to grant permanent relief would not be reasonable, given the emergency condition present.

Further, there is certain information that, at a minimum, would be required to be submitted in an application for emergency rate relief:

- a) A narrative cover sheet(s) devoted to the explanation of the emergency condition present in the company.
- b) A requested amount of dollars to be recovered in the emergency rate.
- c) An emergency rate charge to apply to customers.
- d) A method or mechanism to recover the requested amount of dollars.
- e) A detailed breakdown of the system repairs, if any, necessary to alleviate the emergency condition. To include information such as size, quantity, capacity and condition of all repair areas, and a listing for the cost of labor per repair item.
- f) A copy of an estimate of the cost of repairs.
- g) Original and 15 copies of all of the information.
- h) Delivery of the original and 15 copies to:

Arizona Corporation Commission  
Docket Control  
1200 West Washington  
Phoenix, AZ 85007



EXHIBIT

S-3

ADMITTED

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY**

W-01815A

Golden Shores Water Co., Inc.  
P.O. Box 37  
Topock, AZ 86436

**ANNUAL REPORT**  
**Water**

**FOR YEAR ENDING**

12	31	2010
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FOR COMMISSION USE

ANN 04	10
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3-23-11



## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>GOLDEN SHORES WATER CO., INC.</u>			
<b>Mailing Address</b> <u>P.O. BOX 37</u>			
(Street)			
<u>TOPOCK</u>	<u>AZ</u>	<u>86436</u>	
(City)	(State)	(Zip)	
<u>(928)768-3110</u>	<u>(928)768-5359</u>	<u>(928)768-4802</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
<b>Email Address</b> _____			
<b>Local Office Mailing Address</b> <u>SAME AS ABOVE</u>			
(Street)			
_____			
(City)	(State)	(Zip)	
_____			
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
<b>Email Address</b> _____			

## MANAGEMENT INFORMATION

<input type="checkbox"/> <b>Regulatory Contact:</b>			
<input checked="" type="checkbox"/> <b>Management Contact:</b> <u>LINDA WAYLAND</u>			
(Name)			
(Title)			
<u>P.O. BOX 37</u>	<u>TOPOCK</u>	<u>AZ</u>	<u>86436</u>
(Street)	(City)	(State)	(Zip)
<u>(928)768-3110</u>	<u>(928)768-5359</u>	<u>(928)768-4802</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
<b>Email Address</b> _____			
<b>On Site Manager:</b> <u>SAME AS ABOVE</u>			
(Name)			
_____			
(Street)	(City)	(State)	(Zip)
_____			
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
<b>Email Address</b> _____			

**Statutory Agent:** NORMAN JAMES  
(Name)

101 N. 1<sup>ST</sup> AVE #2700 PHOENIX AZ 85003  
(Street) (City) (State) (Zip)

(602)440-4817  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

**Attorney:** SAME AS ABOVE  
(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |  |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S)    | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                                |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co-op (A)                                       |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                                   |
| <input type="checkbox"/> Other (Describe) _____ |  |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |                                   |  |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE  | <input type="checkbox"/> COCONINO          |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM   | <input type="checkbox"/> GREENLEE          |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA | <input checked="" type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA     | <input type="checkbox"/> PINAL             |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI  | <input type="checkbox"/> YUMA              |
| <input type="checkbox"/> STATEWIDE  |                                   |  |

COMPANY NAME

GOLDEN SHORES WATER COMPANY

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	1,800		1,800
304	Structures and Improvements	30,183	22,697	7,486
307	Wells and Springs	642,982	483,513	159,469
311	Pumping Equipment	90,991	68,424	22,567
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	44,771	33,667	11,104
331	Transmission and Distribution Mains	505,969	380,481	125,488
333	Services	61,328	46,118	15,210
334	Meters and Meter Installations	237,774	178,802	58,972
335	Hydrants	1,972	1,483	489
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	27,987	21,046	6,941
340	Office Furniture and Equipment	43,864	32,985	10,879
341	Transportation Equipment	62,648	47,110	15,538
343	Tools, Shop and Garage Equipment	13,801	10,378	3,423
344	Laboratory Equipment			
345	Power Operated Equipment	52,051	39,142	12,909
346	Communication Equipment	9,632	7,243	2,389
347	Miscellaneous Equipment	4,329	3,255	1,074
348	Other Tangible Plant	69,225	52,056	17,169
	<b>TOTALS</b>	<b>1,901,307</b>	<b>1,428,400</b>	<b>472,907</b>

This amount goes on the Balance Sheet Acct. No. 108

<b>COMPANY NAME</b> <b>GOLDEN SHORES WATER COMPANY</b>
---

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	1,800		
304	Structures and Improvements	30,183	5%	1,509
307	Wells and Springs	642,982	5%	32,149
311	Pumping Equipment	90,991	5%	4,550
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	44,771	5%	2,239
331	Transmission and Distribution Mains	505,969	5%	25,299
333	Services	61,328	5%	3,066
334	Meters and Meter Installations	237,774	5%	11,803
335	Hydrants	1,972	5%	99
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	27,987	5%	1,399
340	Office Furniture and Equipment	43,864	5%	2,193
341	Transportation Equipment	62,648	5%	3,132
343	Tools, Shop and Garage Equipment	13,801	5%	690
344	Laboratory Equipment			
345	Power Operated Equipment	52,051	5%	2,603
346	Communication Equipment	9,632	5%	482
347	Miscellaneous Equipment	4,329	5%	216
348	Other Tangible Plant	69,225	5%	3,461
	<b>SUBTOTALS</b>	1,901,307		94,890
	Less: Amortization of Contributions			(2,735)
	<b>TOTALS</b>	1,901,307		92,155

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

**INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

To The Board of Directors of  
Golden Shores Water Company, Inc.  
Topock, Arizona

We have compiled the balance sheet of Golden Shores Water Company, Inc. (a corporation) as of December 31, 2010 and 2009, and the related comparative statement of income and expense for the years then ended included in the accompanying prescribed form. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the form prescribed by the Arizona Corporation Commission.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with requirements prescribed by the Arizona Corporation Commission and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from accounting principles generally accepted in the United States of America. This report is intended solely for the information and use of the Arizona Corporation Commission and is not intended to be and should not be used by anyone other than this specified party.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.



ULLMANN & COMPANY, P.C.  
Certified Public Accountants

March 4, 2011

COMPANY NAME

GOLDEN SHORES WATER COMPANY

**BALANCE SHEET**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 25,044	\$ 11,861
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	39,492	43,277
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	9,468	11,626
162	Prepayments	4,075	0
174	Miscellaneous Current and Accrued Assets	20,914	43,625
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$ 98,993</b>	<b>\$ 110,389</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 1,897,886	\$ 1,901,307
103	Property Held for Future Use	30,785	30,785
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	1,333,510	1,428,400
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 595,161</b>	<b>\$ 503,692</b>
	<b>TOTAL ASSETS</b>	<b>\$ 694,154</b>	<b>\$ 614,081</b>

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

<b>COMPANY NAME</b>
<b>GOLDEN SHORES WATER COMPANY</b>

**BALANCE SHEET (CONTINUED)**

<b>Acct. No.</b>	<b>LIABILITIES</b>	<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$ 7,790	\$ 3,956
232	Notes Payable (Current Portion)	50,159	37,943
234	Notes/Accounts Payable to Associated Companies	0	9,975
235	Customer Deposits	3,660	4,740
236	Accrued Taxes	27,841	37,413
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 89,450</b>	<b>\$ 94,027</b>
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 47,472	\$ 10,213
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	132,349	127,606
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	54,697	54,697
272	Less: Amortization of Contributions	24,614	27,348
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$ 162,432</b>	<b>\$ 154,955</b>
	<b>TOTAL LIABILITIES</b>	<b>\$ 299,354</b>	<b>\$ 259,195</b>
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 20,000	\$ 20,000
211	Paid in Capital in Excess of Par Value	25	25
215	Retained Earnings	374,775	334,861
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	<b>\$ 394,800</b>	<b>\$ 354,886</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 694,154</b>	<b>\$ 614,081</b>

**COMPANY NAME****GOLDEN SHORES WATER COMPANY****COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 480,161	\$ 496,317
460	Unmetered Water Revenue		
474	Other Water Revenues	52,057	5,812
	<b>TOTAL REVENUES</b>	<b>\$ 532,218</b>	<b>\$ 502,129</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 164,064	\$ 148,009
610	Purchased Water		
615	Purchased Power	60,200	54,678
618	Chemicals		
620	Repairs and Maintenance	46,400	41,778
621	Office Supplies and Expense	13,583	18,967
630	Outside Services	115,549	119,130
635	Water Testing	1,266	6,288
641	Rents	2,800	4,000
650	Transportation Expenses	9,530	11,006
657	Insurance - General Liability	17,138	19,789
659	Insurance - Health and Life	6,576	611
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	13,614	10,512
403	Depreciation Expense	91,998	92,155
408	Taxes Other Than Income	13,042	12,271
408.11	Property Taxes	20,022	19,777
409	Income Tax	22,514	(23,141)
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 598,296</b>	<b>\$ 535,830</b>
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	\$ 46	\$ 22
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	6,690	6,235
	<b>TOTAL OTHER INCOME/EXP</b>	<b>\$ (6,644)</b>	<b>\$ (6,213)</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (72,722)</b>	<b>\$ (39,914)</b>



COMPANY NAME      GOLDEN SHORES WATER CO., INC.

**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	10/15/2004	9/15/2008		
Source of Loan	Bank One	Nissan Motors		
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ 282,100	\$ 19,513	\$	\$
Amount Outstanding	\$ 34,783	\$ 13,373	\$	\$
Date of Maturity	1/15/2012	10/15/2014		
Interest Rate	7.25%	8.99%	%	%
Current Year Interest	\$ 4,891	\$ 1,344	\$	\$
Current Year Principle	\$ 46,631	\$ 2,844	\$	\$

Meter Deposit Balance at Test Year End      \$ 86,606

Meter Deposits Refunded During the Test Year      \$ 7,667

<b>COMPANY NAME</b>	GOLDEN SHORES WATER CO., INC
<b>Name of System:</b>	<b>ADEQ Public Water System Number:</b> 08-024

### WATER COMPANY PLANT DESCRIPTION

#### WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-6291-98 #1	25	OUT OF SERVICE	200	12	4	1962
55-6291-99 #2	50	300	520	12	4	1975
55-629200 #3	30	OUT OF SERVICE	520	8	4	1965
55-576721 #4	75	600	600	12	6	2000
55-205965 #5	100	1000	600	24	8	2005

\* Arizona Department of Water Resources Identification Number

#### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
20	5	42	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
145,000	1	5,000	1
100,000	1	30,000	1
250,000	1	100	1

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

<b>COMPANY NAME</b>	GOLDEN SHORES WATER CO., INC
<b>Name of System:</b>	<b>ADEQ Public Water System Number:</b> 08-024

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4	PVC/AC	149,300
5		
6	PVC/AC	
8		
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	
3/4	1575
1	
1 1/2	2
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

**TREATMENT EQUIPMENT:**

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**STRUCTURES:**

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METAL STORAGE BUILDING

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BOX 75 FENCE

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400' 6" CHAIN LINK

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**OTHER:**

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CATERPILLER BACKHOE 416-B

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*Note: If you are filing for more than one system, please provide separate sheets for each system.*

COMPANY NAME:	GOLDEN SHORES WATER CO., INC.
Name of System:	ADEQ Public Water System Number: 08-024

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	1524	7,893	8,700	-0-
FEBRUARY	1535	6,357	7,900	-0-
MARCH	1537	8,079	9,800	-0-
APRIL	1533	9,988	11,000	-0-
MAY	1502	9,893	10,100	-0-
JUNE	1529	15347	16,600	-0-
JULY	1532	13,888	15,000	=0-
AUGUST	1528	15,168	16,100	-0-
SEPTEMBER	1531	13,973	15,100	-0-
OCTOBER	1528	10,758	12,000	-0-
NOVEMBER	1533	10,500	11,500	-0-
DECEMBER	1535	9,000	11,100	-0-
TOTALS →		120,086	145,000	-0-

What is the level of arsenic for each well on your system? \_\_\_\_\_ mg/l

(If more than one well, please list each separately.)

#1/7.05 #2/7.31 #3/7.25 #4/7.25 #5/5.08

If system has fire hydrants, what is the fire flow requirement? 750 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

( ) Yes (X) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( ) Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes (X) No

If yes, provide the GPCPD amount: N/A

**Note: If you are filing for more than one system, please provide separate data sheets for each system.**

<b>COMPANY NAME:</b>	GOLDEN SHORES WATER WATER CO., INC.
<b>Name of System:</b>	ADEQ Public Water System Number: 08-024

**UTILITY SHUTOFFS / DISCONNECTS**

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY	4		
FEBRUARY	3		
MARCH	5		
APRIL	2		
MAY	2		
JUNE	4		
JULY	4		
AUGUST	5		
SEPTEMBER	3		
OCTOBER	1		
NOVEMBER	3		
DECEMBER	2		
TOTALS →	38		

OTHER (description):

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COMPANY NAME GOLDEN SHORES WATER CO., INC. YEAR ENDING 12/31/2010

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2010 was: \$ 19,888

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**VERIFICATION  
AND  
SWORN STATEMENT**  
Taxes

**VERIFICATION**

STATE OF ARIZONA  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)
<b>MOHAVE</b>
NAME (OWNER OR OFFICIAL) TITLE
<b>LINDA WAYLAND, OWNER</b>
COMPANY NAME
<b>GOLDEN SHORES WATER CO., INC.</b>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

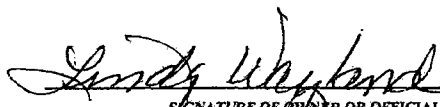
MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

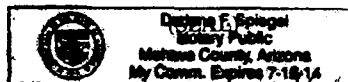
  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
(928) 768-3110  
\_\_\_\_\_  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 15th DAY OF

COUNTY NAME	<u>Mohave</u>
MONTH	<u>March</u>
	<u>2011</u>



MY COMMISSION EXPIRES 7th July 2014

  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

COMPANY NAME GOLDEN SHORES WATER CO., INC. YEAR ENDING 12/31/2010

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>(12,828)</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>(26,803)</u>
Estimated or Actual State Tax Liability	<u>45</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>N/A</u>
Amount of Gross-Up Tax Collected	<u>N/A</u>
Total Grossed-Up Contributions/Advances	<u>N/A</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
SIGNATURE

3-14-11  
DATE

LINDA WAYLAND  
PRINTED NAME

OWNER  
TITLE



**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME)
<b>MOHAVE</b>
NAME (OWNER OR OFFICIAL) TITLE
<b>LINDA WAYLAND, OWNER</b>
COMPANY NAME
<b>GOLDEN SHORES WATER CO., INC.</b>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2010 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 532,439

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 30,310

IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST  
INCLUDE SALES TAXES BILLED OR  
COLLECTED. IF FOR ANY OTHER REASON,  
THE REVENUE REPORTED ABOVE DOES NOT  
AGREE WITH TOTAL OPERATING REVENUES  
ELSEWHERE REPORTED, ATTACH THOSE  
STATEMENTS THAT RECONCILE THE  
DIFFERENCE. (EXPLAIN IN DETAIL)**

*Linda Wayland*  
SIGNATURE OF OWNER OR OFFICIAL  
(928) 768-3110  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

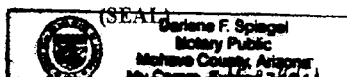
**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

15th

**DAY OF**

COUNTY NAME	<u>Mohave</u>
MONTH	<u>March</u>
	<u>2011</u>



MY COMMISSION

7/1/2014

*Darlene F. Spiegel*  
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE**  
Intrastate Revenues Only

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME)	MOHAVE	
NAME (OWNER OR OFFICIAL)	LINDA WAYLAND	TITLE OWNER
COMPANY NAME	GOLDEN SHORES WATER CO., INC.	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2010 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 506,568

THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 28,676

IN SALES TAXES BILLED, OR COLLECTED)

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

*Linda Wayland*  
SIGNATURE OF OWNER OR OFFICIAL  
(928) 768-3110  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

15th

DAY OF

NOTARY PUBLIC NAME	DARLENE F SPIEGEL	
COUNTY NAME	MOHAVE	
MONTH	MARCH	2011

(SEAL)



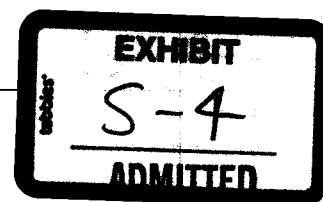
Darlene F. Spiegel  
Notary Public  
Mohave County, Arizona  
My Comm. Expires 7-16-14

MY COMMISSION EXPIRES

16th July 2014

*Darlene F Spiegel*  
SIGNATURE OF NOTARY PUBLIC

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**



ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

**W-01815A**

Golden Shores Water Co., Inc.  
PO Box 37  
Topock, AZ 86436

RECEIVED

DEC 18 2012

ACC UTILITIES DIRECTOR

**ANNUAL REPORT**  
**Water**

**FOR YEAR ENDING**

12	31	2011
----	----	------

FOR COMMISSION USE

ANN 04	11
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12-24-12

### COMPANY INFORMATION

Company Name (Business Name) <u>Golden Shores WATER Co., Inc.</u>		
Mailing Address <u>PO Box 37</u>		
<u>Topock</u> (City)	<u>AZ</u> (State)	<u>86436</u> (Zip)
<u>928-768-3110</u> Telephone No. (Include Area Code)	<u>928-768-5359</u> Fax No. (Include Area Code)	<u>928-768-4802</u> Cell No. (Include Area Code)
Email Address <u>GoldenShoreswtr@hotmail.com</u>		
Local Office Mailing Address <u>Same AS Above</u>		
 (City)	 (State)	 (Zip)
 Local Office Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Cell No. (Include Area Code)
Email Address _____		

### MANAGEMENT INFORMATION

<input type="checkbox"/> Regulatory Contact:		
<input checked="" type="checkbox"/> Management Contact: <u>Linda Wayland</u> <u>President</u>		
<u>PO Box 37</u> (Street)	<u>Topock</u> (City)	<u>AZ</u> <u>86436</u> (State) (Zip)
<u>928-768-3110</u> Telephone No. (Include Area Code)	<u>928-768-5359</u> Fax No. (Include Area Code)	<u>928-768-4802</u> Cell No. (Include Area Code)
Email Address _____		
On Site Manager: <u>MARK SPARKS</u>		
<u>PO Box 37</u> (Street)	<u>Topock</u> (City)	<u>AZ</u> <u>86436</u> (State) (Zip)
<u>928-768-3110</u> Telephone No. (Include Area Code)	<u>928-768-5359</u> Fax No. (Include Area Code)	<u>714-231-2314</u> Cell No. (Include Area Code)
Email Address _____		

Statutory Agent: Timothy Salazar  
 (Name)  
3838 Carson St. Suite 310 Torrance, Ca. 90503  
 (Street) (City) (State) (Zip)  
424-242-6341  
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)  
 Attorney: Same As Above  
 (Name)  
 (Street) (City) (State) (Zip)  
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)  
 Email Address \_\_\_\_\_

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |  |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S)    | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                                |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co-op (A)                                       |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                                   |
| <input type="checkbox"/> Other (Describe) _____ |  |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |                                   |  |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE  | <input type="checkbox"/> COCONINO          |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM   | <input type="checkbox"/> GREENLEE          |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA | <input checked="" type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA     | <input type="checkbox"/> PINAL             |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI  | <input type="checkbox"/> YUMA              |
| <input type="checkbox"/> STATEWIDE  |                                   |  |

COMPANY NAME

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	1,800		1,800
304	Structures and Improvements	30,183	24,206	5,977
307	Wells and Springs	642,982	515,662	127,320
311	Pumping Equipment	90,991	72,974	18,017
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	44,771	35,906	8,865
331	Transmission and Distribution Mains	505,969	405,779	100,190
333	Services	61,328	49,184	12,144
334	Meters and Meter Installations	237,774	190,691	47,083
335	Hydrants	1,972	1,582	390
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	27,987	22,445	5,542
340	Office Furniture and Equipment	43,864	35,178	8,686
341	Transportation Equipment	76,648	50,592	26,056
343	Tools, Shop and Garage Equipment	13,801	11,068	2,733
344	Laboratory Equipment			
345	Power Operated Equipment	52,051	41,745	10,306
346	Communication Equipment	9,632	7,725	1,907
347	Miscellaneous Equipment	4,329	3,471	858
348	Other Tangible Plant	69,225	55,517	13,708
	<b>TOTALS</b>	<b>1,915,307</b>	<b>1,523,725</b>	<b>391,582</b>

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	1,800		
304	Structures and Improvements	30,183	5%	1,509
307	Wells and Springs	642,982	5%	32,149
311	Pumping Equipment	90,991	5%	4,550
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	44,771	5%	2,239
331	Transmission and Distribution Mains	505,969	5%	25,298
333	Services	61,328	5%	3,066
334	Meters and Meter Installations	237,774	5%	11,889
335	Hydrants	1,972	5%	99
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	27,987	5%	1,399
340	Office Furniture and Equipment	43,864	5%	2,193
341	Transportation Equipment	76,648	5%	3,832
343	Tools, Shop and Garage Equipment	13,801	5%	690
344	Laboratory Equipment			
345	Power Operated Equipment	52,051	5%	2,603
346	Communication Equipment	9,632	5%	482
347	Miscellaneous Equipment	4,329	5%	216
348	Other Tangible Plant	69,225	5%	3,461
	<b>TOTALS</b>			<b>( 2735 )</b>

1915,307

This amount goes on the Comparative Statement of Income and Expense  
Acct. No. 403.

92,590

COMPANY NAME

**BALANCE SHEET**

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 11,861	\$ 27,358
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	43,277	64,149
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	11,626	11,505
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	43,625	61,273
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 110,389	\$ 164,285
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 1,901,307	\$ 1,915,307
103	Property Held for Future Use	30,785	30,785
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	1,428,400	1,523,726
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 503,692	\$ 422,366
	<b>TOTAL ASSETS</b>	\$ 614,081	\$ 586,651

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.



COMPANY NAME

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ 3,956	\$ 9,539
232	Notes Payable (Current Portion)	37,943	
234	Notes/Accounts Payable to Associated Companies	9,975	21,975
235	Customer Deposits	4,740	4,740
236	Accrued Taxes	37,413	31,195
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 97,027	\$ 67,449
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 10,213	\$ 9,127
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	127,606	127,606
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	54,697	54,697
272	Less: Amortization of Contributions	27,348	30,083
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 154,955	\$ 197,789
	<b>TOTAL LIABILITIES</b>	\$ 259,195	\$ 228,796
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 20,000	\$ 20,000
211	Paid in Capital in Excess of Par Value	25	25
215	Retained Earnings	334,861	337,830
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 354,886	\$ 357,855
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 614,081	\$ 586,651

COMPANY NAME

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 496,317	\$ 554,421
460	Unmetered Water Revenue		
474	Other Water Revenues	5,812	(1,489)
	<b>TOTAL REVENUES</b>	\$ 502,129	\$ 555,910
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 148,009	\$ 107,484
610	Purchased Water		
615	Purchased Power	54,678	65,829
618	Chemicals		
620	Repairs and Maintenance	41,778	17,644
621	Office Supplies and Expense	18,967	26,507
630	Outside Services	119,130	103,913
635	Water Testing	6288	5452
641	Rents	4,000	3,600
650	Transportation Expenses	11,006	14,382
657	Insurance - General Liability	19,789	10,473
659	Insurance - Health and Life	611	3,212
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	10,512	13,382
403	Depreciation Expense	92,155	92,591
408	Taxes Other Than Income	12,271	36,210
408.11	Property Taxes	19,777	14,395
409	Income Tax	(23,141)	(18,143)
	<b>TOTAL OPERATING EXPENSES</b>	\$ 535,830	\$ 496,931
	<b>OPERATING INCOME/(LOSS)</b>	\$ (33,701)	\$ 56,001
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 22	\$ 14
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	6,235	2,146
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ (6,213)	\$ (2,132)
	<b>NET INCOME/(LOSS)</b>	\$ (39,914)	\$ 53,869

COMPANY NAME

**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	9/15/2008			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ 19,513	\$	\$	\$
Amount Outstanding	\$ 9,128	\$	\$	\$
Date of Maturity	10/15/2014			
Interest Rate	8.99 %	%	%	%
Current Year Interest	\$ 1,136	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 86,606

Meter Deposits Refunded During the Test Year

\$

COMPANY NAME

Name of System:

ADEQ Public Water System Number:

## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-629199	25	200	250	8"	Removed	1982
55-629198	50	350	500	12"	4"	2001
55-629200	30	200	500	10"	Removed	1965
55-576721	75	600	600	12"	6"	1999
55-205965	100	1,000	600	14"	8"	2004

\* Arizona Department of Water Resources Identification Number

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
20	3	41	
VFD (6 yards)	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
250,000	1	8,000	2
100,000	2	10,000	1
		46 (yards)	1

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

<b>COMPANY NAME</b>	
<b>Name of System:</b>	<b>ADEQ Public Water System Number:</b>

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	1541
3/4	
1	
1 1/2	
2	1
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

**For the following three items, list the utility owned assets in each category for each system.**

**TREATMENT EQUIPMENT:**

2 Chlorine Liquid Injector Pumps

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**STRUCTURES:**

Yard No. 5- 6' Cyclone 320' Running Ft: 10' x 8' Shed  
 (3 phase) w/ Evap. cooler: 10' x 10' Shade w/ concrete slab  
 Yard No. 2: 280' Running Ft. of 6' Cyclone Fence  
 16 x 8' Slab w/ shade: 10 x 10 slab w/ shade  
 Yard No. 4 8' x 10 slab w/ shade: 4' x 8' shade: 2 Fans + motors  
 Shop: 40' x 60' steel frame Bldg 6' x 272' cyclone fence  
 w/ 2 Bay Doors: 16 x 18 concrete slab; 500' x 6' cyclone fence  
 OTHER: 126' x 4' cyclone fence

2 - Air compressors w/ 1/2 Hp motors

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**Note: If you are filing for more than one system, please provide separate sheets for each system.**

COMPANY NAME:

Name of System:

ADEQ Public Water System Number:

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2011**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	1534	7,356,000	7,389,000	
FEBRUARY	1532	7,067,000	8,117,000	
MARCH	1534	9,078,000	9,115,000	
APRIL	1530	10,247,000	17,115,000	
MAY	1540	10,811,000	12,253,000	
JUNE	1555	14,675,000	10,228,000	
JULY	1531	10,355,000	14,840,000	
AUGUST	1533	14,632,000	15,411,000	
SEPTEMBER	1544	10,959,000	11,662,000	
OCTOBER	1567	11,962,000	9,125,000	
NOVEMBER	1554	11,445,000	8,794,000	
DECEMBER	1554	7,184,000	7,723,000	
TOTALS →		125,771,000	131,772	

What is the level of arsenic for each well on your system? \_\_\_\_\_ mg/l  
(If more than one well, please list each separately.)

POE 03-0.0079  
02-0.0068  
01-0.0073

If system has fire hydrants, what is the fire flow requirement? <sup>150</sup>250 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
( ) Yes (X) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
(X) Yes ( ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
( ) Yes (X) No

If yes, provide the GPCPD amount: \_\_\_\_\_

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

<b>COMPANY NAME:</b>	
<b>Name of System:</b>	<b>ADEQ Public Water System Number:</b>

**UTILITY SHUTOFFS / DISCONNECTS**

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY			
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			
TOTALS →			

OTHER (description):

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COMPANY NAME \_\_\_\_\_ YEAR ENDING 12/31/2011

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2011 was: \$ 21,908.69

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**VERIFICATION  
AND  
SWORN STATEMENT**  
Taxes

RECEIVED

DEC 18 2012

AZ CORP COMM  
Director Utilities

**VERIFICATION**

STATE OF AZ  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)	<u>Mohave</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Linda Wayland</u>
COMPANY NAME	<u>Golden Shores Water Co.</u>

**DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2011</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Linda Wayland  
SIGNATURE OF OWNER OR OFFICIAL  
928-768-3110  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

14th

DAY OF

COUNTY NAME	<u>MOHAVE</u>
MONTH	<u>December 14,</u>
	<u>2012</u>

(SEAL)



**JAN KINGSTON**  
NOTARY PUBLIC - ARIZONA  
MOHAVE COUNTY  
My Commission Expires  
February 02, 2015

Jan Kingston  
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES Feb. 02, 2015

COMPANY NAME \_\_\_\_\_ YEAR ENDING 12/31/2011

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 33,840  
Estimated or Actual Federal Tax Liability 5076

State Taxable Income Reported 46,440  
Estimated or Actual State Tax Liability 3236

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances N/A  
Amount of Gross-Up Tax Collected N/A  
Total Grossed-Up Contributions/Advances N/A

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

Linda Wayland  
PRINTED NAME

President  
TITLE

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

RECEIVED

DEC 18 2012

AZ CORP COM  
Director Utilities

**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Mohave</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Linda Wayland</u>
COMPANY NAME	<u>Golden Shores Water Co.</u>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2011</u>

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2011 WAS:**

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 559,096.11

**(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 45,565.81  
IN SALES TAXES BILLED, OR COLLECTED)**

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

*Linda Wayland*  
SIGNATURE OF OWNER OR OFFICIAL  
928-768-3110  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

14th

**DAY OF**

**MONTH**

June

14, 2012

(SEAL)



**JAN KINGTON  
NOTARY PUBLIC - ARIZONA  
MOHAVE COUNTY  
My Commission Expires  
February 02, 2015**

**MY COMMISSION EXPIRES**

Feb 02, 2015

*Jan Kington*  
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
Intrastate Revenues Only**

RECEIVED

DEC 18 2012

AZ CORP COMM  
Director - Utilities

**VERIFICATION**

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Mohave</u>	
NAME (OWNER OR OFFICIAL) <u>Linda Wayland</u>	TITLE <u>President</u>
COMPANY NAME <u>Golden Shores Water Co.</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION  
FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2011</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2011 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 559,096.11

THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 45,565.81  
IN SALES TAXES BILLED, OR COLLECTED)

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

Linda Wayland  
SIGNATURE OF OWNER OR OFFICIAL

928-768-3110  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

14th

DAY OF

(SEAL)



MY COMMISSION EXPIRES

Feb. 02, 2015

NOTARY PUBLIC NAME <u>JAN Kingston</u>	
COUNTY NAME <u>MOHAVE</u>	
MONTH <u>JUNE</u>	20 <u>12</u>

Jan Kingston  
SIGNATURE OF NOTARY PUBLIC

W-01815A-06-077

EXHIBIT

S-5

ADMITTED

BEFORE THE ARIZONA CORPORATION COMMISS

IN THE MATTER OF THE APPLICATION  
OF GOLDEN SHORES WATER COMPANY,  
INC., AN ARIZONA CORPORATION,  
FOR AUTHORITY TO ISSUE LONG-TERM  
DEBT IN THE AMOUNT OF \$286,200  
AND RELATED APPROVALS IN  
CONNECTION WITH THE CONSTRUCTION  
OF WATER SYSTEM INFRASTRUCTURE  
IMPROVEMENTS.

DOCKET NO.  
W-01815A-06-0775

IN THE MATTER OF THE APPLICATION  
OF GOLDEN SHORES WATER COMPANY  
FOR APPROVAL OF DETERMINATION OF  
THE FAIR VALUE OF ITS UTILITY  
PLANT AND PROPERTY AND FOR  
INCREASES IN ITS RATES AND  
CHARGES FOR UTILITY SERVICES  
BASED THEREON.

DOCKET NO.  
W-01815A-07-0117

PROCEDURAL  
CONFERENCE

At: Phoenix, Arizona  
Date: September 26, 2007  
Filed: OCT 11 2007

RECEIVED  
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REPORTER'S TRANSCRIPT OF PROCEEDINGS

Arizona Corporation Commission

DOCKETED

OCT 11 2007

DOCKETED BY

MAN

ARIZONA REPORTING SERVICE, INC.

Court Reporting  
Suite 502

2200 North Central Avenue  
Phoenix, Arizona 85004-1481

By: MICHELE E. BALMER  
Certified Reporter  
Certificate No. 50489

Prepared for:

ACC

ORIGINAL

**FOR  
INTERNAL  
&  
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ONLY**

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1 BE IT REMEMBERED that the above-entitled and  
2 numbered matter came on regularly to be heard before the  
3 Arizona Corporation Commission, 1200 West Washington  
4 Street, Phoenix, Arizona, commencing 2:00 p.m. on the 26th  
5 day of September, 2007.

6

7 BEFORE: MARC E. STERN, Administrative Law Judge

8

9 APPEARANCES:

10 For the Arizona Corporation Commission Staff:

11 Ms. Maureen Scott  
12 Staff Attorney, Legal Division  
13 1200 West Washington Street  
Phoenix, Arizona 85007

14 For Golden Shores Water Company:

15 FENNEMORE CRAIG, P.C.  
16 By: Mr. Patrick J. Black  
17 3003 North Central Avenue, Suite 2600  
Phoenix, Arizona 85007

18 For RUCO:

19 RESIDENTIAL UTILITY CONSUMER OFFICE  
20 By: Mr. Daniel Pozefsky  
21 1110 West Washington, Suite 220  
Phoenix, Arizona 85007

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24

25

MICHELE E. BALMER  
Certified Reporter  
Certificate No. 50489

1 ALJ STERN: This procedural conference is now  
2 open in the matter of the application of Golden Shores  
3 Water Company, Incorporated, an Arizona corporation, for  
4 authority to issue long-term debt in the amount of  
5 \$286,200 and related approvals in connection with the  
6 construction of water system infrastructure improvements,  
7 and the Golden Shores Water Company application for  
8 approval of a determination of the fair value of its  
9 utility plant and property and for increases in its rates  
10 and charges for utility services based thereon in Docket  
11 No. W-01815A-06-0775 and Docket No. W-01815A-07-0117.

12 My name is Marc Stern. I'll preside in this  
13 proceeding today.

14 And at this time we'll take appearances. And on  
15 behalf of Golden Shores, enter an appearance.

16 MR. BLACK: Good afternoon, Your Honor. Patrick  
17 Black with the law firm of Fennemore Craig on behalf of  
18 Golden Shores Water Company.

19 ALJ STERN: And on behalf of the intervenor RUCO?

20 MR. POZEFSKY: Good afternoon, Your Honor.  
21 Daniel Pozefsky on behalf of RUCO.

22 ALJ STERN: And on behalf of the Commission's  
23 Utilities Division?

24 MS. SCOTT: Yes, good afternoon, Judge Stern.  
25 Maureen Scott on behalf of the Utilities Division.



1 ALJ STERN: All right. Well, we scheduled this  
2 at the request of the Applicant in this case, Golden  
3 Shores. So Mr. Black, what are your concerns today?

4 MR. BLACK: Judge Stern, we've spoken with Staff,  
5 and we just spoke with RUCO. It's our intention to  
6 withdraw the rate case application. I think that based on  
7 the experience through discovery requests, it's fairly  
8 apparent that the company is not ready to file a rate  
9 case. We intend to file an application sometime later  
10 next year with an updated test year and, quite simply,  
11 better accounting.

12 The company is a small company up in Golden  
13 Shores. We intend to send a regulatory accountant up  
14 there, Mr. Bourassa, to go through the paperwork with the  
15 company to show them how to properly book invoices, how to  
16 properly keep their records so that when we do come in for  
17 a rate case application, it will be smoother and, of  
18 course, less costly to the client in terms of discovery.

19 We do, though, believe that it would be proper to  
20 continue forward with the request for long-term debt as  
21 that debt has been incurred, and we believe that we do  
22 require Commission approval for that.

23 ALJ STERN: Okay. So you're going to file an  
24 application -- a motion to withdraw your application in  
25 the rate case?

1 MR. BLACK: Yes. We intend to file that either  
2 tomorrow or Friday.

3 ALJ STERN: And RUCO, will you file a response to  
4 that?

5 MR. POZEFSKY: We will, Your Honor, I expect --

6 ALJ STERN: The microphones aren't on.

7 MR. POZEFSKY: I expect we probably -- well,  
8 there will be no need for us to retain our intervenor  
9 status because there will be no case.

10 ALJ STERN: Right. I don't assume you're going  
11 to remain in the financing case, but just file a response  
12 so that I have something in the docket.

13 MR. POZEFSKY: Sure.

14 ALJ STERN: And Ms. Scott, will Staff file a  
15 response also?

16 MS. SCOTT: Yes, Staff will file a response as  
17 well.

18 ALJ STERN: At this point does RUCO -- you have  
19 no objections to their withdrawal of the application?

20 MR. POZEFSKY: Absolutely not.

21 ALJ STERN: Staff?

22 MS. SCOTT: Staff has no objection.

23 ALJ STERN: All right. Just put something in  
24 writing and then we can address that.

25 MR. BLACK: Your Honor, I haven't had an

1 opportunity yet to discuss with Staff a procedural  
2 schedule for the continuation of the financing request. I  
3 know that at the time we had already received sufficiency.  
4 And afterwards, when we filed the rate case, there was  
5 a -- Staff had filed a motion to consolidate the two, and  
6 we did not oppose.

7           So at this point we're open to a procedural  
8 schedule being set in the procedural order.

9           ALJ STERN: Well, with respect to the financing  
10 application, normally there's no time frame on that. And  
11 then secondly, in many instances there aren't hearings.  
12 Now, I don't know what Staff will recommend, and we're  
13 going to have to wait for their Staff Report on that.

14           MR. BLACK: Okay.

15           ALJ STERN: Because without this going forward on  
16 a rate case basis, I imagine there would be a Staff  
17 Report. Would that be the case, Mr. Carlson?

18           MR. CARLSON: Yes, sir.

19           ALJ STERN: So when you file your application or  
20 motion to withdraw the rate case and I get the responses  
21 in and we address the withdrawal, I assume Staff will  
22 indicate that they'll be filing a Staff Report as against  
23 testimony as to the financing, and as to whether there  
24 will be a hearing or not will depend upon their findings  
25 in that proceeding.

1 MR. BLACK: And I apologize. I really don't know  
2 the status of discovery in the financing request, but  
3 because of the delays the company is open to whatever time  
4 Staff needs in order to get the report done.

5 ALJ STERN: Okay. Anything else?

6 Wait. One thing, we do have a -- is this matter,  
7 I think, November 28?

8 MR. BLACK: Yes. This is scheduled for public  
9 comment November 28 here at the Commission offices.

10 ALJ STERN: This is a bit of a problem. I don't  
11 think I have ever seen one where an application for a rate  
12 case is withdrawn and we have a pending public comment  
13 session.

14 Ms. Scott, have you seen anything like that in  
15 your history here?

16 MS. SCOTT: No, I haven't.

17 ALJ STERN: I'll have to take this one under  
18 advisement, especially since publication was made.

19 MR. BLACK: I think the company would be open to  
20 providing notice to the customers in their next bill  
21 insert, notice that the application has been withdrawn.

22 ALJ STERN: That would be fine with me. You can  
23 notify them the application for the rate case -- when  
24 would the next bill insert -- when would the next billing  
25 be?

1 MR. BLACK: I'm not sure if the company bills  
2 everyone at the same time or bills based on when service  
3 was established, but I can certainly find that out and get  
4 back with Staff on that.

5 ALJ STERN: Let me think. I'll tell you what.  
6 Let's recess for a minute. Maybe I can get some  
7 resolution to that or a suggestion on how to deal with  
8 that. Because that issue, like I say, I have never seen  
9 it come up where we've had a public comment session --

10 MR. BLACK: In all of your time here you haven't  
11 seen it happen once?

12 ALJ STERN: No. I have never seen an application  
13 withdrawn where we've had public comment scheduled alone.  
14 I mean, the rate case we don't have scheduled. But I  
15 think what we may be able to do, and I think you're  
16 suggestion is a good one, if you notify the customers that  
17 the application for the rate increase has been withdrawn,  
18 you might have to advise them that the request for  
19 financing approval remains. I don't think anybody will  
20 show up to make public comment, but it's hard to say for  
21 sure.

22 So let's take a few minute recess and I will go  
23 seek some wisdom from maybe other people that might have  
24 an idea.

25 (A recess was taken from 2:15 p.m. to 2:20 p.m.)

1 ALJ STERN: Back on the record.

2 We've had a brief off-the-record discussion  
3 concerning the manner in which to close out the rate case  
4 and to proceed on the financing case.

5 It's been agreed between the Applicant and Staff  
6 that the Applicant and Staff will come up with a form of  
7 notification to the customers of Golden Shores Water  
8 Company advising them that the application for a rate  
9 increase is in the process or has been withdrawn or will  
10 be withdrawn, and that the company also has a pending  
11 financing application requesting Commission approval of  
12 long-term debt.

13 And that the previous public comment session,  
14 which I believe is scheduled for November 28 -- and I  
15 don't have the time, but I believe it is at 9:30 in the  
16 morning -- will remain. And other procedural filing  
17 dates, of course, will go by the wayside.

18 And pending the filing of the Staff with respect  
19 to the financing application, it will be determined  
20 whether there will be a hearing or not in this proceeding.

21 Anything else?

22 MS. SCOTT: No.

23 ALJ STERN: I think I covered all of the bases.  
24 As I said, let's get all of the paperwork done. And,  
25 unfortunately, I guess we'll still have public comment on

1 November 28. But that notice should go out reasonably  
2 soon so that the customers are aware of that pending  
3 financing application.

4 All right. That concludes this procedural  
5 conference at this time. Thank you.

6 (The Procedural Conference concluded at 2:25 p.m.)

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1 STATE OF ARIZONA )  
2 ) ss.  
3 COUNTY OF MARICOPA )

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5 I, MICHELE E. BALMER, Certified Reporter  
6 No. 50489 for the State of Arizona, do hereby certify that  
7 the foregoing printed pages constitute a full, true and  
8 accurate transcript of the proceedings had in the  
9 foregoing matter, all done to the best of my skill and  
10 ability.

11

12 WITNESS my hand this 10th day of October, 2007.

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*Michele E. Balmer*

MICHELE E. BALMER  
Certified Reporter  
Certificate No. 50489



## **Utility Assistance Agencies in Mohave County**

(and other Organizations that offer assistance)

### **Arizona Community Action Association** - will direct consumers to agencies

2627 N. 3<sup>rd</sup> St, Suite 2, Phoenix, AZ 85004  
Office: 602-604-0640 Fax: 602-604-0644

### **River Fund, Inc.** – assists consumers along the river in AZ & NV – welcomes calls

55 Civic Way, Laughlin, NV 89029  
Office: 702-298-0611, Fax: 702-298-1740

### **Western Arizona Council of Governments** - WACOG

296 London Bridge Rd Ste A, Lake Havasu City, AZ 86403  
Office: 928-680-7978

### **Salvation Army**

1461 Palma Rd, Bullhead City, AZ 86442  
Office: 928-758-3141, Fax: 928-758-8204

### **St. Vincent de Paul**

780 Marina, Bullhead City, AZ 86442  
Office: 928-758-3108

### **River Cities United Way**

1155 Hancock Rd Ste 3, Bullhead City, AZ 86442  
Office: 928-758-1030

### **Mohave County Community Development**

700 W. Beale Kingman, AZ 86402  
Office: 928-753-0723

### **Catholic Social Services**

1370 Ramar Rd., Ste D, Bullhead City, AZ 86442  
Office: 928-758-4176



**Dept. of Economic Security**

2601 Hwy 95, Bullhead City, AZ 86442  
Office: 928-704-7776

**Arizona Self-Help Screening (A United Way Agency)**

24 hour Hotline – 800-352- 3792

**Colorado River Jaycees**

Bullhead City, AZ 86442  
Contact: 928-768-7878

**The Hispanic Center**

1155 Hancock Rd., Bullhead City, AZ  
Office: 928-704-0443

**Big Brothers, Big Sisters of Mohave County**

1940 Mesquite Ave, Ste A, Lake Havasu City, AZ 86403  
Office: 928-453-5800

**Kingman Resource Center**

2795 Northern Ave., #C, Kingman, AZ 86409  
Office: 928-692-2046